

**FISCAL YEAR (FY) 2006-07  
GOVERNOR'S BUDGET (PRELIMINARY) ALLOCATION**

**OVERVIEW OF PROGRAM, FUNDING, and ALLOCATION METHODOLOGIES**

The following information provides funding amounts, describes any changes in allocation methodology, and lists programs and their terms and conditions. This exhibit is provided for information and planning purposes only.

All state and federal funds to be allocated are contingent upon enactment of the Fiscal Year (FY) 2006-07 Budget Act, federal appropriations, and State/County contracts. For complete information on the terms and conditions of all funds and programs, please refer to the State and County Combined Negotiated Net Amount (NNA) contract and Drug Medi-Cal (DMC) contract and/or applicable program funding agreement.

**STATE GENERAL FUNDS (SGF)**

**SGF DMC – \$60.8 Million**

Through an interagency agreement with the California Department of Health Services, the Department of Alcohol and Drug Programs (ADP) administers, manages, and finances the DMC program through contracts with counties and/or DMC providers. These funds are available to counties to meet the cost of DMC services for Medi-Cal beneficiaries.

The initial allocation to all counties will be \$54,720,000. ADP will allocate this amount proportionately to the counties based on FY 2005-06 initial DMC contract amounts. The individual county allocations include direct DMC contracts within the counties. ADP will retain the balance of \$6,080,000 for contractual adjustments during FY 2006-07.

The Federal Financial Participation (FFP), the federal share of the DMC program, is 50 percent. The FFP period begins July 1, 2006 and ends June 30, 2007.

The level of funding for the DMC program is determined using caseload estimates. Therefore, the appropriation may be adjusted during the year based on the following factors: caseload, rates, services, and utilization patterns. Changes in the appropriation level can increase or reduce county contracts for DMC services.

**SGF Ongoing – \$5.8 Million**

These funds are available to counties for alcohol and other drug (AOD) services. These funds cannot be used to match FFP in the DMC program.

The individual county allocations for FY 2006-07 will be based on the FY 2005-06 historical allocation levels.

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**SGF DMC Perinatal – \$2.4 Million**

These funds provide DMC services to Medi-Cal beneficiaries who are pregnant or within the prescribed postpartum period (defined as the last day of the calendar month in which the 60th postpartum day occurs).

The initial allocation to all counties will be \$2,235,600. ADP will allocate this amount proportionately to the counties based on FY 2006-07 initial DMC Perinatal contract amounts. The individual county allocations include direct DMC Perinatal contracts within the counties. ADP will retain the balance of \$194,400 for contractual adjustments during FY 2006-07.

**Perinatal SGF Ongoing – \$17.0 Million**

These funds support AOD programs that serve pregnant and parenting women and their children through age 17. These funds cannot be used to match FFP in the DMC Perinatal program. The funds are also subject to the requirements set forth in the *Perinatal Services Network Guidelines*, which can be accessed on ADP's Website at [www.adp.ca.gov](http://www.adp.ca.gov).

The individual county allocations for FY 2006-07 will be based on the FY 2005-06 historical allocation levels.

Alpine County elected not to participate in this program and will not receive Perinatal SGF Ongoing funds.

**Women and Children's Residential Treatment Services (WCRTS) – \$6.4 Million**

Nine existing perinatal AOD treatment programs were created with grants from the federal Center for Substance Abuse Treatment. When the grants expired, State funds were made available to continue these programs as WCRTS. These State funds are subject to the requirements set forth in the *Perinatal Services Network Guidelines* and cannot be used to match FFP in the DMC Perinatal program.

The WCRTS funds are exempt from the 10 percent county match requirement. This exemption only applies to state funding that replaces the expired federal grants and not to any subsequent program expansion.

The Governor's Budget includes \$6.4 million to fund the WCRTS program in FY 2006-07.

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**REIMBURSEMENTS**

**Parolee Services Network – \$10.7 Million**

The California Department of Corrections and Rehabilitation (CDCR) continues to make funds available during FY 2006-07 for residential and non-residential AOD treatment and recovery services for men and women paroled to the community from state prisons. These services are available in the counties of: Alameda, Contra Costa, Fresno, Kern, Los Angeles, Marin, Napa, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma.

The individual county allocations for FY 2006-07 will be based on the FY 2005-06 historical allocation levels. ADP is also retaining the balance of \$6,475 of local assistance funding to a particular county pending a decision by the CDCR.

**FEDERAL TRUST FUNDS**

Federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds (federal program number 93.959) are provided by the Substance Abuse and Mental Health Services Administration. The Federal Fiscal Year (FFY) 2007 Block Grant Award number has not been released.

**SAPT Block Grant Award**

The FY 2006-07 Governor's Budget (Preliminary) Allocation includes funds from the FFY 2007 SAPT Block Grant Award. SAPT funds from the FFY 2007 Award will become available on October 1, 2006 and must be obligated and expended by June 30, 2008.

**Ongoing \$510,614 Reduction to FFY 2005 SAPT Block Grant Award**

The FFY 2005 (FY 2004-05) SAPT Block Grant Award was reduced by \$510,614 on a permanent basis. At that time, ADP had sufficient funds to absorb this reduction and continued to absorb the reduction for FFY 2006 (FY 2005-06). In FY 2006-07 ADP does not have sufficient funds to absorb the reduction, which will result in a \$464,614 reduction to county allocations. ADP State Operations will be reduced by \$46,000.

The standard reduction methodology used to make this reduction is a hold harmless methodology developed by the Fiscal Work Group (FWG) and agreed to by the County Alcohol and Drug Program Administrators Association of California (CADPAAC). The hold harmless methodology states that if reductions occur, they are distributed

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proportionate to the total allocation base of each county, except Minimum Base Allocation (MBA) counties (those with less than 100,000 population), until the reduction equals five percent statewide. If reductions exceed five percent and there are no other sufficient revenues to decrease the loss to five percent, then all counties including MBA counties shall participate in funding reductions on a proportionate basis above five percent. The SAPT Block Grant reduction for FFY 2005 did not exceed five percent of the total SAPT allocations and as a result, MBA counties will not share in the reduction.

The Prevention Set-Aside will be reduced by \$102,123 to meet the mandated twenty percent (20%) minimum share of the SAPT Block Grant Award. The HIV Set-Aside was reduced by \$25,531 in FY 2004-05 to meet the mandated five percent share of the SAPT Block Grant Award. The remaining \$336,960 reduction will be calculated on a proportional basis among Non-MBA counties in SAPT Discretionary, Female Offender Treatment Services, Perinatal, Adolescent and Youth Treatment Services, and Special Projects funds. Substance Abuse Treatment and Testing Accountability (SATTA) funds are excluded from the reduction.

The \$35,998 Perinatal Set-Aside share of the SAPT reduction for FY 2006-07 will be distributed as an additional reduction to SAPT Discretionary funds. This distribution of the Perinatal Set-Aside reduction is due to the difficulty of restoring Perinatal programs once they have been closed. Additionally, the Governor's Budget includes a plan to contract with community based programs for beds to accommodate the early release of 4,500 non-violent female offenders in FY 2007-08. The early release of these female offenders is anticipated to impact Perinatal services, thus necessitating that the current Perinatal funding level is maintained.

**Ongoing \$2,412,000 Reduction to FFY 2006 SAPT Block Grant Award**

In FFY 2006 there was a permanent ongoing reduction of \$2.412 million to the SAPT Block Grant Award, which will result in a \$2,200,000 reduction to the FY 2006-07 county allocations from the FFY 2007 award. ADP State Operations will be reduced by \$212,000.

The standard reduction methodology used to make this reduction is a hold harmless methodology developed by the FWG and agreed to by CADPAAC. The hold harmless methodology states that if reductions occur, they are distributed proportionate to the total allocation base of each county, except Minimum Base Allocation (MBA) counties (those with less than 100,000 population), until the reduction equals five percent statewide. If reductions exceed five percent and there are no other sufficient revenues to decrease the loss to five percent, then all counties including MBA counties shall participate in funding reductions on a proportionate basis above five percent. The

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SAPT Block Grant reduction for FFY 2007 did not exceed five percent of the total SAPT allocations and as a result, MBA counties will not share in the reduction.

The Prevention Set-Aside will be reduced by \$482,400 to meet the mandated twenty percent (20%) minimum share of the SAPT Block Grant Award. The Human Immunodeficiency Virus (HIV) Set-Aside will be reduced by \$120,596 to meet the mandated five percent share of the SAPT Block Grant Award. The balance of the \$1,597,000 reduction will be distributed on a proportional basis among Non-MBA counties in SAPT Discretionary, Female Offender Treatment Services, Perinatal, Adolescent and Youth Treatment Services, and Special Projects funds. Substance Abuse Treatment and Testing Accountability (SATTA) funds are excluded from the reduction.

The \$170,625 SAPT Perinatal Set-Aside share of the SAPT reduction for FY 2006-07 will be distributed as an additional reduction to SAPT Discretionary funds. This distribution of the Perinatal Set-Aside reduction is due to the difficulty of restoring Perinatal programs once they have been closed. Additionally, the Governor's Budget includes a plan to contract with community based programs for beds to accommodate the early release of 4,500 non-violent female offenders in FY 2007-08. The early release of these female offenders is anticipated to impact Perinatal services, thus necessitating that the current Perinatal funding level is maintained.

**SAPT Discretionary FFY 2007 (Base Allocation) - \$134.2 Million**  
**SAPT Discretionary ongoing Reduction FFY 2005 Award - \$283,333**  
**SAPT Discretionary ongoing Reduction FFY 2006 Award - \$1.3 Million**  
**SAPT Discretionary one-time Reduction FFY 2005 Award (Perinatal Share) - \$35,998**  
**SAPT Discretionary Reduction FFY 2006 Award (Perinatal Share) - \$170,625**

SAPT Discretionary funds are for AOD treatment, prevention, and recovery services, as well as for specific populations, such as youth and pregnant and parenting women. Terms and conditions for use of the SAPT Block Grant funds are incorporated into the NNA contract for FY 2006-07.

SAPT Discretionary reductions will be applied to the FY 2005-06 historical SAPT Discretionary base allocation amounts using the standard reduction methodology which holds MBA counties harmless for reductions up to five percent of total funds.

The SAPT Perinatal Set-Aside share of the SAPT reduction for FY 2006-07 will be distributed as an additional reduction to SAPT Discretionary funds.

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For information on how the SAPT Fund Pilot Exchange pilot project affects a specific county's Discretionary Set-Aside allocation, please refer to Exhibit C.

**Prevention Set-Aside FFY 2007 (Base Allocation) – \$47.9 Million**

**Prevention Set-Aside Reduction ongoing FFY 2005 Award – \$102,123**

**Prevention Set-Aside Reduction ongoing FFY 2006 Award – \$482,400**

The Federal law requires that a minimum 20 percent (20%) of the SAPT Block Grant Award be expended on primary prevention services.

SAPT reductions will be applied to the FY 2005-06 historical SAPT Prevention base allocation amounts using the standard reduction methodology which holds MBA counties harmless for reductions up to five percent of total funds.

For FY 2006-07 \$500,000 in SAPT Prevention Set-Aside funds that were previously used to provide funding for Technical Assistance for Prevention Outcomes and Measurements contracts will be redistributed back to the counties in their Prevention Set-Aside allocation.

**Friday Night Live (FNL) FFY 2007 Award – \$552,000**

The FNL program is designed to prevent alcohol and drug use among teenagers through activities including community action, assemblies, and leadership training. FNL is supported by SAPT Primary Prevention Set-Aside funds and is designated as a primary prevention program. Federal law and regulations establish the requirements for expending these funds.

Funding is available in FY 2006-07 for counties who wish to establish a FNL program. Counties that currently do not receive FNL funds should submit a request with their V.1 Budget Amendments within 60 days of the Budget Act Allocation.

In FY 2006-07 ADP will allocate \$546,000 for this program. The individual county allocations will be based on the FY 2005-06 historical allocation levels. ADP will retain the balance of \$6,000 for distribution to counties who elect to establish a FNL program.

**Club Live (CL) FFY 2007 Award – \$552,000**

The CL prevention program is supported by SAPT Primary Prevention Set-Aside funds and is designated to fund primary prevention services. As an extension of FNL, CL is aimed at middle school-age students. Federal law and regulations establish the requirements for expending these funds.

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Funding is available in FY 2006-07 for counties who wish to establish a CL program. Counties that currently do not receive CL funds should submit a request with their V.1 Budget Amendments within 60 days of the Budget Act Allocation.

In FY 2006-07 ADP will allocate \$546,000 for this program. The individual county allocations will be based on the FY 2005-06 historical allocation levels. ADP will retain the balance of \$6,000 for distribution to counties who elect to establish a CL program.

**HIV Set-Aside FFY 2007 (Base Allocation) – \$12.6 Million**

**HIV Set-Aside Reduction FFY 2006 Award – \$120,596**

Federal law requires that a minimum and maximum of five percent of the total SAPT Block Grant award be expended on HIV early intervention services for AOD clients in treatment programs. HIV early intervention services must be made available to individuals in an AOD treatment program at the treatment site. HIV early intervention services may be provided at other locations, including satellite treatment sites. Services at these sites can be funded by the SAPT HIV Set-Aside if HIV early intervention services are also available at the AOD treatment site. For complete information on HIV Set-Aside expenditure requirements, please refer to ADP Bulletin 04-12 located at [www.adp.ca.gov](http://www.adp.ca.gov).

The SAPT HIV FFY 2006 Award reduction will be distributed to each county's FY 2005-06 base allocation using the HIV allocation methodology based on updated methodology indicators.

The reduction will allow the HIV Set-Aside Program to maintain its mandated five percent of the total Block Grant Award when the individual county allocations are developed.

For information on how the SAPT Fund Pilot Exchange project affects a specific county's HIV Set-Aside allocation, please refer to Exhibit C.

**Perinatal Set-Aside FFY 2007 Award – \$17.1 Million**

**Perinatal Set-Aside Ongoing Reduction FFY 2005 Award – \$35,998**

**Perinatal Set-Aside Ongoing Reduction FFY 2006 Award – \$170,625**

**Perinatal Set-Aside One-time Offset FFY 2005 Award – \$35,998**

**Perinatal Set-Aside One-time Offset FFY 2006 Award – \$170,625**

The Perinatal program is part of the Perinatal Services Network and is subject to the requirements set forth in the *Perinatal Services Network Guidelines*. Counties must use these funds to increase or maintain existing perinatal AOD treatment capacity and programs. Counties may also use the SAPT Perinatal Set-Aside funds to expand

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capacity in existing perinatal programs, add new perinatal services or programs, and change existing programs.

The FFY 2007 Perinatal Set-Aside base funds will be allocated at the FY 2005-06 historical allocation levels.

The SAPT Perinatal Set-Aside share of the SAPT reduction for FY 2006-07 will be distributed as an additional reduction to SAPT Discretionary funds.

For information on how the SAPT Fund Pilot Exchange project affects a specific county's Perinatal Set-Aside allocation, please refer to Exhibit C.

**Female Offender Treatment Services FFY 2007 (Base Allocation) – \$645,000**  
**Female Offender Treatment Services ongoing Reduction FFY 2005 Award – \$1,360**  
**Female Offender Treatment Services ongoing Reduction FFY 2006 Award – \$6,450**

This program provides six months of community residential AOD treatment for paroled women completing the in prison Forever Free program at the California Institution for Women. The four participating counties are Los Angeles, Orange, Riverside, and San Bernardino. Women on parole not completing the Forever Free program may participate if the program under-utilizes the funding.

The SAPT Female Offender Treatment Services reductions will be applied to each participating non-MBA county proportionate to each county's FY 2005-06 historical base allocation.

**SAPT Special Projects/Media Campaign FFY 2007 (Base Allocation) – \$288,000**  
**SAPT Special Projects/Media Campaign ongoing Reduction FFY 2005 Award – \$614**  
**SAPT Special Projects/Media Campaign ongoing Reduction FFY 2006 Award – \$2,885**

Funds for special projects are allocated to the following:

<u>County</u>	<u>Special Project</u>	<u>Amount</u>
Alameda	African American Women's Media Campaign	\$27,500
Los Angeles	Alcohol Center for Women	95,000
Los Angeles	Hispanic Women's Media Campaign	65,000
Los Angeles	African American Women's Media Campaign	27,500
Modoc	Indian Health Project	25,000



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The SAPT reductions to Special Projects/Media Campaign reflected in the FFY 2007 Award allocation were applied to the amount of unallocated funds for FFY 2007. None of the above project amounts have changed from prior years.

**Adolescent Youth Treatment Program FFY 2007 (Base Allocation) – \$7.4 Million**

**Adolescent Youth Treatment Program ongoing Reduction FFY 2005 Award – \$15,655**

**Adolescent Youth Treatment Program ongoing Reduction FFY 2007 Award – \$74,201**

SAPT Adolescent and Youth Treatment funds provide comprehensive, age-appropriate AOD services to youth. The *Youth Treatment Guidelines* released by ADP in September 2002 are designed for counties to use in developing and implementing youth treatment programs funded by this allocation.

SAPT reductions will be applied to the FY 2005-06 historical SAPT Adolescent and Youth base allocation amounts using the standard reduction methodology which holds MBA counties harmless for reductions up to five percent of total funds.

For information on how the SAPT Fund Pilot Exchange pilot project affects a specific county's Adolescent and Youth Treatment Set-Aside allocation, refer to Exhibit C.

**SATTA Program FFY 2007 Award – \$8.6 Million**

In accordance with the SATTA program, \$8.6 million is allocated in FY 2006-07 for drug testing. SATTA funds may be used for drug testing Substance Abuse and Crime Prevention Act clients and for other purposes allowed under the federal SAPT Block Grant.